BOOK REVIEWS AND NOTICES

Modern Currency Reforms. By EDWIN WALTER KEMMERER. New York: Macmillan, 1916. Pp. xxi+564. $2.40.

After describing, in his *System of Logic*, the various methods of induction, John Stuart Mill comes to the conclusion that the social sciences must ever be, in the main, deductive, because the inductive *method of difference* cannot be used in their study. One cannot introduce a new factor into the complex of forces operating in human society and be sure that some other element which might be the cause of the new effect has not crept in inadvertently. One cannot, ordinarily, experiment with human society, but even if one does so, conditions may change during the period of the experiment. The method of experiment, which is the method of difference, is therefore inapplicable, and since all other methods of induction without its aid are subject to error, deduction must be our principal reliance.

The field of monetary legislation in which Professor Kemmerer's studies here reviewed were made is not altogether an exception. Such legislation cannot usually be introduced as a single new factor into a situation which remains otherwise unchanged until the effects of the new legislation have time to work themselves out. But monetary legislation perhaps comes nearer the requirements of the experimental method than economic legislation of almost any other kind. If other new circumstances which might act as causes cannot be entirely eliminated, it is usually possible, by a common-sense application of the method of residues, to make approximate allowance for their effects. We then have approached with this degree of closeness to the method of induction, or, more often, inductive *verification*, by the method of difference: viz., that we have introduced a new factor into a situation otherwise changed only in relatively unimportant ways or in ways for which we can make sufficiently accurate allowance.

The book is in five parts. In Part I, dealing with the Indian currency reform, the agitation leading up to the reform is first presented along with the arguments which were currently advanced in favor of change. The effect of the closing of the Indian mints to silver is described and its application as verification of the quantity theory of money made clear. Then follows the story of the plans of the Indian

government to establish a gold standard, the formal rejection of the gold exchange standard, and the final arrival, nevertheless, at the latter.

The Porto Rican experience, set forth in Part II, also has some bearing on the quantity theory. Thus it appears that the Spanish peso, in circulation at the time the United States took over the Island, circulated because of its scarcity at a value above that of its bullion content. But perhaps the chief interest in the story of Porto Rico's experience is to be found in the effect, on different kinds of business and different classes, of the change made by the United States to American money. The Spanish coinage was redeemed at the rate of sixty cents to a peso and retired, American dollar currency taking its place. Wholesale prices at once became, in dollars, approximately 60 per cent of what they had been in pesos. But the ignorance of the natives (probably) made it possible for retail prices in many cases to be changed without reduction from centavos to cents of two-thirds greater value. Rents, also, in the cities frequently were transferred from pesos to dollars without change of figure. In many cases, by no means in all, laborers succeeded in getting dollar wages more than 60 per cent of their former wages in pesos. These changes are not, however, so inconsistent with the quantity theory as they seem at first glance. Had there been no increase of money in Porto Rico such advances must, probably, have been temporary and must, even as a fairly short-period proposition, have caused reduction in other prices or serious curtailment of business activity, or both. But the change was made at a time when the American occupation was tending to increase money in the Island and rapidly to raise prices. The reduction of the American tariff to 15 per cent of standard rates, on goods from Porto Rico, also probably facilitated an inflow of money to the Island in return for its products.

Currency reform in the Philippines is the topic of Part III. In dealing with the Philippine currency problem, it is pointed out, the government profited by its experience in the case of Porto Rico and endeavored to make as little change as possible. It therefore kept the pesos in circulation, although it sought uniformity by recoinage and then had to apply discriminatory taxation to get rid of the Spanish and Mexican coins. The new pesos were made redeemable in New York exchange (gold-exchange standard) at a two-to-one ratio. But these pesos contained so much silver that when, a little later, the market value of silver rose they were undervalued and began to be exported. Exportation was at once prohibited and the recoinage of the pesos undertaken with a smaller silver content per peso.

The experience of the Straits Settlements, given in Part IV, also involved this problem of silver exportation.

Part V describes the experience of Mexico, prior to the recent revolution, in changing from a silver to a gold standard.

It is impossible in a brief review to do justice to the wealth of illustrative material and the well-judged comment contained in this volume. Professor Kemmerer is probably better fitted than anyone else to undertake such an investigation, and he has done the work thoroughly and presented his conclusions clearly.

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An Introduction to Social Psychology. By CHARLES A. ELLWOOD. New York and London: D. Appleton & Co., 1917. Pp. xii+343.

This book is, as the Preface states, a "simplification and systematization" of Professor Ellwood's earlier work on *Sociology in Its Psychological Aspects*, and represents the same general point of view. Social psychology is conceived by the author as "the psychology of the associational processes, or a psychology of the social life." "The study of the social aspects of individual consciousness" is considered as belonging to psychology as distinguished from social psychology. The author fittingly suggests that his science might more appropriately be called psychological sociology. The work may be briefly described as an elaboration of the primary thesis that association is fundamentally a psychic phenomenon. In accordance with the title, it is evidently designed as a survey and summary of the field rather than an attempt to go deeply into controverted points or to make extensive original contributions to the science. It should prove serviceable as an introduction to the subject and for use in the college classroom and by the general reader.

Workers in related fields, such as economists, who approach the subject with problems fairly well formulated, are likely to feel some disappointment with the science of social psychology as presented by Professor Ellwood. His book shows a paucity of "results" and is pervaded with an atmosphere of vagueness, or even of "straddling." Things have a way of being "this," but yet also "that," with no clear explanation of the sense in which they are the one and the other respectively. To some extent this may be accounted for on the ground of scientific caution and the desire to be generous to both sides in relation to controverted